

Members

Rep. William Crawford, Chairperson
Rep. Gail Riecken
Rep. Steve Stemler
Rep. Susan Crouch
Rep. Tim Brown
Rep. David Frizzell
Sen. Patricia Miller, Vice-Chairperson
Sen. Jean Leising
Sen. Greg Walker
Sen. Sue Errington
Sen. Jean Breaux
Sen. Earline Rogers



INTERIM STUDY COMMITTEE ON MEDICAID SUPPLEMENTAL PROGRAMS

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Authority: P.L. 140-2009

MEETING MINUTES¹

Meeting Date: October 27, 2009
Meeting Time: 1:30 P.M.
Meeting Place: State House, 200 W. Washington St.,
Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Rep. William Crawford, Chairperson; Rep. Gail Riecken; Rep. Susan Crouch; Rep. David Frizzell; Sen. Patricia Miller, Vice-Chairperson; Sen. Jean Leising; Sen. Greg Walker; Sen. Sue Errington; Sen. Earline Rogers.

Members Absent: Rep. Steve Stemler; Rep. Tim Brown; Sen. Jean Breaux.

The meeting was called to order at 1:37 PM by Chairperson Crawford. He introduced the members of the Committee and recognized Rep. Charlie Brown and invited him to participate in the meeting. Chairperson Crawford pointed out the draft copy of the final report in the Committee members' handouts and stated that the final report would incorporate the minutes and any actions taken by the Committee at the meeting. He distributed to the members FSSA's written responses to questions and other documents that were previously requested. (See Exhibits A, B, and C.)

Pat Casanova, Director of the Office of Medicaid Policy and Planning (OMPP), stated that she would be addressing the question about what would happen to the federal disproportionate hospital share (DSH) funds if the Healthy Indiana Plan (HIP) Medicaid demonstration waiver

¹ Exhibits and other materials referenced in these minutes can be obtained electronically by requesting copies at licrequests@iga.in.gov. Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

would be discontinued. She referred the Committee to the HIP Demonstration slide. (See Exhibit D.) Ms. Casanova testified that should the HIP waiver be terminated at the end of the five-year demonstration period, the DSH funds used to achieve the federal budget neutrality for the childless adults covered under the waiver would be available to be apportioned out to the DSH-eligible hospitals. She then explained that the Medicaid waiver could be extended for up to three additional years. If the waiver is extended, FSSA would need a year's advance time to complete the Centers for Medicare and Medicaid Services (CMS) extension process. If the waiver is terminated or is allowed to expire at the end of the initial five-year period, FSSA would need to give CMS six-months notice as well as provide CMS with a waiver phaseout plan.

Discussion followed regarding the decision-making process for the HIP program as it goes forward. Ms. Casanova stated that FSSA would want to work with the General Assembly.

Pat Nolting, Reimbursement Manager of OMPP, addressed the question of the redistribution of funds paid to hospitals as a result of HIP-paid claims compared to Medicaid DSH distributions. Ms. Nolting referred to the spreadsheet which shows HIP claims payments ranked by total dollars paid to each hospital for FY 2009. (See Exhibit E.) She explained that for FY 2009, HIP hospital claims were paid in the amount of \$61 M while \$55 M in DSH funds were diverted - meaning that, in total, hospitals received more than what was diverted in DSH distributions. She pointed out that the data presented does not include what HIP paid for claims from physicians and other nonhospital providers.

In response to a question regarding the funding for the Wishard Hospital replacement, Ms. Nolting stated that there is an Upper Payment Limit (UPL) program for municipally owned nursing facilities. The eligible nursing facilities put up the state match for the payments.

Committee discussion followed regarding why some hospitals lost DSH distributions and did not make up the loss in HIP claims paid. Ms. Nolting explained that there is no correlation between HIP claims and DSH payments; HIP-insured patients can choose the hospital that they go to for services. Sen. Errington explained that Ball Memorial Hospital did very well under the HIP program due to the fact that they had an existing patient assistance program that signed their patients up for the HIP program as soon as it was available. There was also discussion regarding the treatment of \$5.2 M in additional DSH funds under the federal ARRA stimulus funding. In response to a question from Chairperson Crawford, Mr. Lou Belch testified that Community Hospital East wanted 2009 data used in the next DSH eligibility determination.

Seema Verma, Consultant to FSSA, responded to the question asked about the additional \$5.2 M in federal DSH dollars available due to the ARRA stimulus. Ms. Verma explained that according to the terms of the HIP waiver, any additional DSH funds were to be applied to the waiver. She noted that FSSA initially had asked and was approved to distribute the ARRA stimulus DSH funds to hospitals but was later informed that DSH stimulus funds had to be applied to the HIP budget neutrality for 2009. She said that FSSA has requested that the stimulus funds be allowed to be distributed to hospitals in 2010 since the ARRA stimulus was not envisioned when the HIP waiver was negotiated. FSSA has not yet had a response from CMS with regard to this request.

In response to Committee questions about planned expansions of the HIP program, Ms. Verma explained that other than the request to expand the HIP childless adult population by 7,000 additional slots, no other changes to the HIP program are anticipated due to the uncertainty surrounding federal healthcare reform. (See Exhibit F.) She commented that federal reform could have significant impacts on state Medicaid costs and the HIP-eligible population. Ms. Verma addressed options to expand the childless adult population eligible to be covered by HIP by increasing the number of waiver slots and/or by increasing the income eligibility level to above 200% of the federal poverty level (FPL). She stated that FSSA has discussed the

possibility of increasing the income eligibility level to above 200% of FPL with CMS and that there are no federal rules that would prevent the state from doing so. However, she added that so far, most of the childless individuals enrolled are below 100% of the FPL. She suggested that perhaps the HIP crowd-out provisions or access to employer health plans may be preventing individuals in the higher-income levels from being enrolled.

Committee questions followed regarding HIP benefits and cost-sharing requirements. Rep. Charlie Brown asked about the current waiting list for childless adults and the possibility of operating a 100% state-funded program for this population. Ms. Verma explained that FSSA was opening the enrollment for the childless adults due to the number of individuals that have dropped off the program and that the agency has requested an additional 7,000 waiver slots for this population. Chairperson Crawford asked to see a copy of the letter to CMS requesting the expansion of 7,000 slots for childless adults. Ms. Verma referred the Committee to page 7 of Exhibit F and explained that if the state operated a 100% state-funded program to expand the covered childless adults, FSSA projected that the Indiana Check-Up Plan Trust fund would be exhausted in 2012.

In response to written questions regarding HIP II, Ms. Verma reviewed the roll-out plan for HIP II which was a proposal made by FSSA during the 2009 session of the General Assembly. (See Exhibit F.) She stated that FSSA has no intentions of pursuing this proposal at this time. Committee questions and discussion followed regarding HIP coverage of disabled individuals and FSSA's intentions for any changes to the existing HIP program. In response to a question from Chairperson Crawford, Ms. Verma stated that no changes were contemplated for the DSH or UPL programs due to the uncertainty surrounding the federal healthcare reform proposals.

Responding to Committee questions regarding the cigarette tax that is the source of funding for HIP, Ms. Verma stated that the revenue trend line appeared to be flat. She also corrected information regarding interest accruing to the Indiana Check-Up Trust Fund that was given at the first meeting of the Committee. She stated that the interest reverts to the General Fund since the enabling statute does not protect the interest. Sen Miller asked why interest in the fund would revert if the fund is nonreverting? Casey Kline, LSA Staff Attorney, stated that other statutes specify the disposition of interest for nonreverting funds. Committee discussion followed.

There was a motion for the Committee to recommend draft legislation providing that interest accruing to the Indiana Check-Up Trust Fund remain in the fund and not revert to the state General Fund. The motion was seconded, and Ms. Kline read the proposed draft language. The motion prevailed by a vote of 9-0.

The Committee discussed other suggested recommendations, including the possibility of draft legislation concerning requiring a two-year DSH eligibility period and a proposal for a 100% state-funded HIP for childless adults. After discussion, no further action was taken with regard to these suggestions.

A motion was made and seconded to recommend that the Select Joint Commission on Medicaid Oversight be given a report on the balance of the Indiana Check-Up Plan Trust Fund. The motion prevailed by a vote of 9-0.

The Committee discussed the possibility of recommending that FSSA be required to have the approval of the Select Joint Commission on Medicaid Oversight for changes to the HIP waiver. Ms. Kline clarified that FSSA could seek a waiver change or renew a waiver without legislative action but that CMS would require some evidence of a funding source for any such action. She added that authorizing legislation demonstrates funding intent. There was additional Committee discussion about existing Medicaid waivers.

A motion was made and seconded to adopt the final report as drafted with the inclusion of the Committee recommendations and incorporating the minutes of the meeting. The motion passed by a vote of 9-0.

After asking if members had any other issues to discuss and hearing none, Chairperson Crawford adjourned the meeting at 3:20 PM.